AMENDED IN ASSEMBLY MARCH 28, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL No. 1935

Introduced by Assembly Member Campos

February 19, 2014

An act to amend Section ~~769~~ *321.7* of the Public Utilities Code, relating to electricity.

LEGISLATIVE COUNSEL'S DIGEST

AB 1935, as amended, Campos. Electricity: clean distributed energy ~~technologies.~~ *resources.*

Existing law requires the Public Utilities Commission (PUC), on a biennial basis and in consultation with the Independent System Operator and the State Energy Resources Conservation and Development Commission, to study and submit a report to the Legislature and the Governor on the impacts of distributed energy generation on the state's distribution and transmission grid.

This bill would instead requires the PUC, on a biennial basis, to study and submit a report to the Legislature and the Governor on the impacts of clean distributed energy resources, as defined, on the state's distribution and transmission grid.

~~Existing law requires each electrical corporation, no later than July 1, 2015, to submit to the Public Utilities Commission a distribution resources plan proposal to identify the optimal locations for the deployment of distributed resources. Existing law defines the term "distributed resources." Existing law requires the commission to review and approve the plan.~~

~~This bill would revise the definition of "distributed resources" to include clean distributed energy technology, as defined.~~

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 321.7 of the Public Utilities Code is amended to read:

321.7. (a) On or before January ~~1, 2010, and biennially thereafter,~~ *1st of every other year,* the commission, in consultation with the Independent System Operator and the ~~State~~ Energy ~~Resources Conservation and Development~~ Commission, shall study, and submit a report to the Legislature and the Governor, on the impacts of *clean* distributed energy ~~generation~~ *resources* on the state's distribution and transmission grid. ~~The~~

(b) For the purposes of this section, "clean distributed energy resource" means any of the following:

(1) A clean energy generating technology that meets all of the following criteria:

(A) Produces electricity, or electricity and useful heat.

(B) Has a greenhouse gas emissions factor, including, when applicable, credit for waste heat recovery and savings on transmission and distribution losses, that is less than or equal to the emission factor for electricity developed by the State Air Resources Board in the scoping plan adopted pursuant to Section 38561 of the Health and Safety Code.

(C) Has an oxide of nitrogen emissions rate, including, when applicable, credit for waste heat recovery, that is less than or equal to the standard set forth in Section 94203 of Title 17 of the California Code of Regulations.

(D) Has a nameplate rated generation capacity of 20 or less megawatts.

(2) An eligible renewable energy resource, as defined in Section 399.12, that uses organic waste or biogas as its feedstock and has a nameplate generation capacity of 20 or less megawatts.

(3) A demandside reduction resource.

(4) An energy storage technology that stores energy from a technology or resource specified in paragraph (1), (2), or (3).

(c) The study shall evaluate all of the following:

(1) Reliability and transmission issues related to connecting *clean* distributed energy ~~generation~~ *resources* to the local distribution networks and regional grid.

(2) Issues related to grid reliability and operation, including interconnection, and the position of federal and state regulators toward distributed energy accessibility.

(3) The effect on overall grid operation of various *clean* distributed energy ~~generation sources.~~ *resources.*

(4) Barriers affecting the connection of distributed energy to the state's grid.

(5) Emerging technologies related to *clean* distributed energy ~~generation~~ *resources* interconnection.

(6) Interconnection issues that may arise for the Independent System Operator and local distribution companies.

(7) The effect on peak demand for electricity.

~~(b)~~

(d) In addition, the commission shall specifically assess the impacts of the California Solar Initiative program, specified in Section 2851 and Section 25783 of the Public Resources Code, the self-generation incentive program authorized by Section 379.6, and the net energy metering pilot program authorized by Section 2827.9.

(e) The report submitted to the Legislature pursuant to subdivision (a) shall be submitted in compliance with Section 9795 of the Government Code.

~~SECTION 1. Section 769 of the Public Utilities Code is amended to read:~~

~~769. (a) For purposes of this section, the following terms have the following meanings:~~

~~(1) "Clean distributed energy technology" means any of the following:~~

~~(A) An energy generation technology that meets all of the following criteria:~~

~~(i) Converts an energy resource into electricity or heat.~~

~~(ii) Meets or exceeds the emission factor for electricity developed by the State Air Resources Board in the scoping plan adopted pursuant to Section 38561 of the Health and Safety Code.~~

~~(iii) Meets or exceeds the oxides of nitrogen emissions rate standard set forth in Section 94203 of Title 17 of the California Code of Regulations.~~

~~(iv) Has a nameplate rated generation capacity of 20 or less megawatts.~~

~~(B) A conversion technology that meets all of the following criteria:~~

~~(i) (I) Converts organic waste into a useful energy resource.~~

~~(II) For the purposes of this clause, "organic waste" means waste consisting of organic matter, as defined by the Department of Resources Recycling and Recovery pursuant to Division 30 (commencing with Section 40000) of the Public Resources Code, that is a byproduct of another process that would normally be emitted or transported to the environment.~~

~~(ii) Meets or exceeds the oxides of nitrogen emissions rate standard set forth in Section 94203 of Title 17 of the California Code of Regulations.~~

~~(iii) Has a nameplate rated generation capacity of 20 or less megawatts.~~

~~(2) "Distributed resources" means distributed renewable generation resources, clean distributed energy technology, energy efficiency, energy storage, electric vehicles, and demand response technologies.~~

~~(3) "Energy resource" means a gas, liquid, or solid that can be converted into mechanical work, electricity, or heat.~~

~~(b) Not later than July 1, 2015, each electrical corporation shall submit to the commission a distribution resources plan proposal to identify optimal locations for the deployment of distributed resources. Each proposal shall do all of the following:~~

~~(1) Evaluate locational benefits and costs of distributed resources located on the distribution system. This evaluation shall be based on reductions or increases in local generation capacity needs, avoided or increased investments in distribution infrastructure, safety benefits, reliability benefits, and any other savings the distributed resources provides to the electric grid or costs to ratepayers of the electrical corporation.~~

~~(2) Propose or identify standard tariffs, contracts, or other mechanisms for the deployment of cost-effective distributed resources that satisfy distribution planning objectives.~~

~~(3) Propose cost-effective methods of effectively coordinating existing commission-approved programs, incentives, and tariffs to maximize the locational benefits and minimize the incremental costs of distributed resources.~~

~~(4) Identify any additional utility spending necessary to integrate cost-effective distributed resources into distribution planning consistent with the goal of yielding net benefits to ratepayers.~~

~~(5) Identify barriers to the deployment of distributed resources, including, but not limited to, safety standards related to technology or operation of the distribution circuit in a manner that ensures reliable service.~~

~~(c) The commission shall review each distribution resources plan proposal submitted by an electrical corporation and approve, or modify and approve, a distribution resources plan for the corporation. The commission may modify any plan as appropriate to minimize overall system costs and maximize ratepayer benefit from investments in distributed resources.~~

~~(d) An electrical corporation spending on distribution infrastructure necessary to accomplish the distribution resources plan shall be proposed and considered as part of the next general rate case for the corporation. The commission may approve proposed spending if it concludes that ratepayers would realize net benefits and the associated costs are just and reasonable. The commission may also adopt criteria, benchmarks, and accountability mechanisms to evaluate the success of any investment authorized pursuant to a distribution resources plan.~~

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